

## Message Text

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PAGE 01 BRASIL 02067 111956 Z

42

ACTION EB-11

INFO OCT-01 ARA-11 ADP-00 EUR-25 AF-10 IO-12 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-02 H-02 INR-10 INT-08

L-03 LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20

CIEP-02 SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01

OMB-01 OIC-04 RSR-01 INRE-00 /203 W  
----- 042606

P R 111937 Z APR 73

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC PRIORITY 7177

INFO AMCONSUL RIO DE JANEIRO

LIMITED OFFICIAL USE BRASILIA 2067

E. O. 11652: N/ A

TAGS: EGEN, BR

SUBJ: SOLUBLE COFFEE CONSULTATIONS

REF: BRASILIA 1763

1. FONOFF TODAY GAVE FOLLOWING INFORMAL WRITTEN COMMUNICATION  
TO ECON COUNSELOR.

BEGIN TEXT. PROPOSAL TO TERMINATE SOLUBLE COFFEE AGREEMENT

1. THE SOLUBLE COFFEE AGREEMENT WAS FULLY IMPLEMENTED  
THROUGH THE QUARTER JULY 15 TO OCT 10, 1972 INCLUSIVE.

2. THE BRAZILIAN COFFEE INSTITUTE DID NOT AUTHORIZE THE  
OPENING OF REGISTRATIONS UNDER THE SOLUBLE AGREEMENT FOR  
THE QUARTER OCT 15, 1972 TO JANUARY 14, 1973.

3. THE SYSTEM OF QUOTAS OF THE INTERNATIONAL COFFEE  
ORGANIZATION FORMALLY CEASED TO OPERATE ON DECEMBER 12, 1972  
( RESOLUTION NO. 258 MODIFIED BY RESOLUTION 260 OF THE  
INTERNATIONAL COFFEE COUNCIL) ALTHOUGH IN PRACTICE THE  
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PAGE 02 BRASIL 02067 111956 Z

IMMINENT SUSPENSION AFTER THE AUGUST 1972 MEETING OF THE INTERNATIONAL COFFEE COUNCIL GAVE TO THE MARKET A CONDITION OF TOTAL FREEDOM AFTER THAT DATE.

4. ACCEPTING THE FORMAL DATES, IT IS TRUE THAT THE QUARTER OF OCTOBER 15, 1972 TO JANUARY 14, 1973 WAS COVERED BY THE SYSTEM OF QUOTAS UNTIL DECEMBER 12. THAT IS DURING TWO THIRDS OF THE REFERENCED QUARTER THE SYSTEM OF QUOTAS WAS FORMALLY IN FORCE.

5. THUS, THE GOVERNMENT OF BRAZIL, DESIRING AN UNDERSTANDING WITH THE GOVERNMENT OF THE UNITED STATES CANCELLING THE SOLUBLE COFFEE AGREEMENT, PROPOSES THAT THE AGREEMENT BE CARRIED OUT BY AMOUNTS CORRESPONDING TO TWO THIRDS OF THE TOTAL FOR THE QUARTER OCTOBER 15, 1972 TO JANUARY 14, 1973.

6. IN THIS CASE THE BRAZILIAN COFFEE INSTITUTE WILL PLACE AT THE DISPOSAL OF NORTH AMERICAN FIRMS A TOTAL QUANTITY OF 93,333 SACKS OF COFFEE, DISTRIBUTED IN THE MANNER PROVIDED BY THE SOLUBLE COFFEE AGREEMENT. END TEXT.

2. COMMENT: IN INFORMAL EXCHANGE DISCUSSING ABOVE, FONOFF OFFICIALS STATED THAT AS RESULT OF OUR POSITION AT LAST CONSULTATION MEETING, PINTO HAD MODIFIED HIS ORIGINAL CONCEPT OF SETTLING PROBLEM DIRECTLY WITH SOLUBLE PROCESSORS; HIS PROPOSAL IS DESIGNED TO SEEK TO RESOLVE ISSUE AT GOVERNMENTAL LEVEL. IN RESPONDING TO DIRECT QUESTION CONCERNING REACTION, COUNSELOR STATED THAT THIS WAS NOT FORUM TO DISCUSS SUBSTANCE BUT THAT HE WISHED TO NOTE BRAZIL AND US GOVERNMENTS STILL DIFFER ON PERIOD OF VALIDITY OF SOLUBLE AGREEMENT. HE ALSO INFORMED FONOFF THAT MEMO WOULD BE SENT TO WASHINGTON AND INSTRUCTIONS WOULD BE REQUESTED.

8. IT IS EXPECTED THAT PINTO WILL RETURN TO BRAZIL THIS WEEKEND. IF WE RECEIVE REPLY FROM DEPARTMENT BY THAT TIME, WE WILL SEEK TO ARRANGE ANOTHER MEETING AS SOON AS POSSIBLE DURING NEXT WEEK.  
ROUNTREE

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE



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**Subject:** SOLUBLE COFFEE CONSULTATIONS  
**TAGS:** EGEN, BR  
**To:** EB  
RIO DE JANEIRO  
SECSTATE WASHDC  
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